



JASON E. MUMPOWER
Comptroller

TENNESSEE STATE SCHOOL BOND AUTHORITY

October 25, 2021

AGENDA

1. Call meeting to order
2. Approval of the Minutes from the TSSBA meeting of October 14, 2021
3. Approval of Projects for:

The University of Tennessee

- University of Tennessee, Knoxville – Haslam Field Expansion (A87); Increase in Cost for a total of \$30,000,000 of which \$10,000,000 will be financed from TSSBA; Term of Financing: 10 years at an assumed tax-exempt rate.
4. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
October 14, 2021

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Thursday, October 14, 2021, at 11:00 a.m. in House Hearing Room 1, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
The Honorable Tre Hargett, Secretary of State
Commissioner Butch Eley, Department of Finance and Administration
Randy Boyd, President, University of Tennessee

The following member participated telephonically as authorized by Tennessee Code Annotated § 8-44-108:

Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum, Mr. Mumpower called the meeting to order and stated that the first item on the agenda was the approval of the minutes of the meeting held on September 7, 2021. Mr. Mumpower asked if there were any questions, or discussion on the minutes. Hearing none, Mr. Hargett moved approval of the minutes, and Mr. Boyd seconded the motion. Mr. Mumpower asked Ms. Sandi Thompson, Director of the Division of State Government Finance (“SGF”) to call the roll. Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Boyd – Aye
Mr. Lillard – Aye
Mr. Gibbs – Aye

The minutes were approved unanimously.

Mr. Mumpower stated that the next item to come before the Authority was the consideration of approval of a project for Middle Tennessee State University (“MTSU”). Mr. Mumpower recognized Mr. Dick Tracy, Executive Director of Facilities Development at the Tennessee Board of Regents (“TBR”), to present the request.

- Middle Tennessee State University – Student Athlete Performance Center (459); Cost of \$66,000,000 of which \$61,000,000 will be financed by the TSSBA; Term of Financing: 30 years as long-term financing at an assumed tax-exempt rate.

Mr. Mumpower asked Ms. Thompson if SGF had conducted a feasibility analysis on the project. Ms. Thompson stated that a feasibility study had been performed and was included in the meeting packet. Ms. Thompson explained that the projected revenues were sufficient to cover the debt service on the project. Mr. Mumpower asked Mr. Tracy in light of the COVID-19 pandemic if MTSU or TBR had considered what effects another virtual learning situation would have on the project. Mr. Tracy stated that TBR has discussed the potential of another pandemic with MTSU. Mr. Tracy explained that in such an event the project would have a balance set aside in renewal and replacement reserve funds (“R&R”), and that the fees would be assessed even if students were learning remotely.

Mr. Mumpower asked if there were any further questions or discussion. Hearing none, Mr. Hargett made a motion to approve the project, Mr. Lillard seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Boyd – Aye
Mr. Lillard – Aye
Mr. Gibbs - Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item to come before the Authority was the consideration of approval of a project for Tennessee Technological University (“TTU”). Mr. Mumpower recognized Mr. Dick Tracy to present the request.

- Tennessee Technological University – Residence Hall Innovation Center (931); Cost of \$50,190,000 of which \$39,000,000 will be financed by the TSSBA; Term of Financing: 20 years as long-term financing at an assumed tax-exempt rate.

Mr. Mumpower again asked Ms. Thompson if SGF had conducted a feasibility analysis on the project. Ms. Thompson stated that a feasibility study had been performed and that the projected revenues were deemed sufficient to cover the debt service on the project. Mr. Mumpower asked Mr. Tracy how this project as a residence hall would plan for the contingency of students not staying on campus. Mr. Tracy explained that TTU has set aside R&R funding to make the debt service payments if necessary. Mr. Tracy stated that both housing and food service costs declined when students were off campus. Mr. Tracy also stated that the revenues that were being collected during the construction phase of the project allowed the R&R balance to continue to grow. Mr. Tracy explained that coming out of the pandemic there has been an increase in the demand for housing on campus, specifically among first time students.

Mr. Hargett asked if the increased size and cost of the project had an impact on the fees paid by the students that would be living in this residence hall. Mr. Tracy stated that there was no increase in the debt service fee to students with the increase in size of the project. Mr. Tracy explained that TBR and TTU realized the project would be more expensive and wanted to bring the project forward for design before adjusting the size of the project. Mr. Tracy explained that TTU was contributing more funds to the project as well as borrowing more funds from TSSBA than originally submitted. Mr. Hargett asked if there was an impact on the rent that would be paid by students who stayed in the residence hall. Mr. Mumpower recognized Dr. Claire Stinson, Vice President of Planning & Finance at TTU. Dr. Stinson stated that TTU had planned for fewer rooms in the original design of the residence hall, She further stated that the revised plan reflected an increase in cost because of the increase in the number of rooms, however, she pointed out that an individual student would not have to pay more to rent a room just because of the increase in the size and cost of the project.

Mr. Lillard asked if this type of project would need to be disclosed to the Tennessee Higher Education Commission (“THEC”). Mr. Tracy stated that this project would need to be disclosed and would be included with TTU’s budget submission to THEC. Mr. Lillard inquired what was the amount of the original submittal of the project. Mr. Tracy explained that the project was originally disclosed in the budget as a project in the amount of \$29,500,000, with a plan to request to borrow approximately \$29,000,000 from the TSSBA. Mr. Lillard asked if the increase was due to a change in design or scope after the original submission. Mr. Tracy stated that the increase was due to both an increase in the number of rooms and the increase in building materials while the scope remained the same. Mr. Lillard stated that he wondered if the project was ready to be disclosed at that point in time since the cost of the project was not estimated within a greater degree of accuracy.

Mr. Mumpower asked if there were any further questions or discussion. Hearing none, Mr. Boyd made a motion to approve the project, Mr. Mumpower seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye

Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Boyd – Aye
Mr. Lillard – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item to come before the Authority was the consideration and request for approval of a Resolution to Approve the Borrowing of Money by Another Method for the University of Tennessee regarding Corporate Quarters. Mr. Mumpower recognized Mr. Austin Oakes, Assistant Vice President of the Office of Capital Projects at the University of Tennessee (“UT”), to present the request.

Mr. Oakes stated that the request was for approval of a lease for the UT Institute of Public Service to enter into an agreement with Corporate Quarters, Inc. of Oak Ridge. Mr. Oakes explained that the lease would provide up to 15, two-bedroom units for attendees of the UT Law Enforcement Innovation Center (“LEIC”) training sessions. Mr. Oakes explained that the lease is for one year, covering four sessions from January 8, 2022, to November 18, 2022. Mr. Oakes stated that the total cost of the lease is \$367,740 and either party may terminate the agreement with 30 days’ prior notice.

Mr. Mumpower asked if there were any further questions or discussion. Hearing none, Mr. Hargett made a motion to approve the project, Mr. Lillard seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Boyd – Abstain
Mr. Lillard – Aye
Mr. Gibbs – Aye

The motion was approved.

Mr. Mumpower stated that concluded the agenda for the meeting and the only remaining item was a motion to adjourn. Mr. Hargett made a motion to approve the project, Mr. Lillard seconded the motion, and Ms. Thompson called the roll:

Mr. Eley – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Boyd – Aye
Mr. Lillard – Aye
Mr. Gibbs – Aye

The motion was approved unanimously.

The meeting was adjourned.

Approved on this ____ day of _____, 2021.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

Tennessee State School Bond Authority Feasibility Study

A87 - UTK Haslam Field Expansion

Individual Project Summary

Revenue Source:	Pledged gifts/UT Athletic Funds	\$	1,358,700.00
	Total Revenue Source:	\$	1,358,700.00
Assumptions:	TSSBA Funding Requested	\$	10,000,000.00
	Interest Rate		2.50%
	Status		Tax-Exempt
	Term of Financing		10

Feasibility Test	
	<u>Annual</u> Short-Term Pmt
Pledged Revenue	\$1,358,700
New Max Annual DS	\$1,142,588
Feasible	Yes

*TSSBA staff conducts a feasibility test on a project-by-project basis to ensure that each individual project has sufficient revenue pledged to cover the projected maximum annual debt service charged to the project. On an annual basis, and prior to the issuance of long-term debt, an assessment is performed pursuant to Article 2.01 (b) which requires that the aggregate amount of the Fees and Charges collected by an Institution in the preceding Fiscal Year is not less than two times the amount required for the payment of the aggregate of the maximum amount of Annual Financing Charges.

EXECUTIVE SUMMARY

The UTK Haslam Field Expansion project was a FY 16/17 Disclosed Capital Budget request for \$5M, funded solely by TSSBA bond funds. The scope included renovation to the existing outdoor football practice field and additions of a pavilion, storage shed, sand pit, exercise ramp, dumpster enclosure, and fencing. The project was approved by the SBC in June 2016.

During 2016 the Athletic Director announced his future retirement which began a string of changes to the Football program through December of 2018 which placed this project on hold until original scope of work could be validated with new staff changes.

In September 2019 the SBC approved the project budget increase to \$14M and the scope was revised to include renovations to the interior training and equipment areas and staff offices, along with a new 2-story addition with multi-use space, and player's lounge. The project funding remained \$5M. The designer fee was updated to align with the new MACC, so that planning (design through Design Development) for the \$14M could begin. The SBC Executive Subcommittee selected Johnson Architecture, Inc. as the designer in September 2019.

As design work for the main scope began, the State Architect approved the use of System Procurement and Campus Resources for improvements on a couple of separate phases.

- In December 2019, updates to the locker room were completed for approximately \$1M.
- In May 2020, approved to allow for finishing upgrades in existing spaces that are outside of the main focus of the major renovation, consisting solely of finishes in offices and conference room spaces. This work totals \$275K.

In November 2020 through discussion with the users along with the commitment of donor gifts, a more enhanced scope was defined which increased the estimated cost to \$21.6M. The redefined scope included:

- Renovate existing outdoor football practice field including additional exterior exercise and storage space, and fencing (original scope)
- Renovations of the interior training and equipment areas; and staff offices
- A new 1-story addition with an outdoor players' patio; locker room support areas; and a high-bay addition to the existing weight room.

The CM/GC was brought on board in January 2021. After discussions with the new administration and recognizing the current market conditions, the estimated cost increased to \$30M. The scope changes include:

- Installing HVAC in the indoor practice field
- Reconfiguring the support areas, recovery technology, and locker room
- Adding additional office and meeting rooms on the 2nd floor.

The project funding is sourced primarily through donor commitments of the full \$30M; however, the University is seeking approval of \$10M TSSBA bonds with \$7.851M Plant Funds (Aux-Athletics) and \$12.149M Gift funds in order to cash flow the beginning of construction.

Campus has the following donor commitments spanning through 2022-2030 equaling approximately \$17.9M. These are in addition to the \$12.149M donor funds currently available:

2022 = \$2,470,000

2023 = \$1,470,000
2024 = \$3,911,000
2025 = \$1,470,000
2026 = \$1,470,000
2027 = \$1,450,000
2028 = \$1,450,000
2029 = \$1,450,000
2030 = \$2,710,000

Tennessee State School Bond Authority

UTK Haslam Field Expansion Revised Project Application

DEPARTMENT: University of Tennessee

INSTITUTION/LOCATION: Knoxville

PROJECT: UTK Haslam Field Expansion

SBC PROJECT #: 540/009-08-2016

PROJECT BUDGET:

		Original	Revised	Total
Funding Sources:	<u>TSSBA</u>	\$5,000,000	\$5,000,000	\$10,000,000
	<u>Plant Funds (Aux-Athletics)</u>	12,600,000	(4,749,000)	7,851,000
	<u>Gifts</u>	4,000,000	8,149,000	12,149,000
	Total	\$21,600,000	\$8,400,000	\$30,000,000

PROJECT REVENUES: (Describe sources and projected levels)

Annual debt service of \$1,358,700 will be funded by pledged gifts and/or UTK Athletic funds amortized over 10 years.

PROJECT LIFE:

Anticipated Useful Life of Project: 30+ years

Desired Term for Financing (if less than useful life): 10 years

ESTIMATED ANNUAL FINANCING CHARGE: \$1,358,700

PROJECT APPROVAL DATES:

BOARD: 10/09/2015

THEC: 11/20/2015

SBC: 06/09/2016

Disclosed in the Governor's Budget: X Yes No If yes, what year? 2016

PROJECT DESCRIPTION: Physical description, including land, buildings and equipment with approximate dollar value. (If a renovation or repair project, please provide information with respect to the renovated or improved portion as well as the entire structure).

This project will renovate existing outdoor football practice field including additional exterior exercise and storage space, and fencing. Renovations also include interior training and equipment areas; staff offices; and indoor practice field HVAC. A new 1-story addition with an outdoor players' patio; locker room support areas; and a high-bay addition to the existing weight room. Additional 2nd story offices and meeting rooms.

REAL ESTATE:

Owner of real property The University of Tennessee

 To be acquired To be leased or other arrangement

The purpose of the following questions are to determine the tax status of this project to be financed with the proceeds of Tennessee State School Bond Authority Bonds and/or Bond Anticipation Notes and the amount of private use associated with this project. Private use means the direct or indirect use of the project by any entity other than a state or local government entity, including use by the Federal Government (including its agencies and instrumentalities) or a Section 501(c)(3), (c)(4), or (c)(6) organization. When the project consists of an improvement that does not involve space that is being used directly by governmental or private users (for example, a re-roofing, air conditioning or energy efficiency improvement), all questions involving uses and users of the project should be answered by reference to all portions of the facility or facilities benefited by the improvement.

The questions below relate to the project referenced above. Attach additional sheets as required. **Please make a copy of this document for your files.**

1. Project Status: (If the project has already been completed, and the proceeds are being used to reimburse the department, please so indicate and include date of project completion.) Construction
2. Project completion estimated to be: 2023
3. Project Owner: University of Tennessee
4. Project Operator (see also item 8 below): University of Tennessee
5. Intended Use of the Project: Football practice field for student athletes
6. Intended Users of the Project (excluding use by the general public): Student Athletes, Coaches, and Staff
7. Indicate whether any of the following activities will take place at the project. Indicate whether the activities are operated by a private entity or will indirectly benefit a private entity. Include all incidental private uses. For each direct or indirect private use of the project, indicate the total amount of space the private use occupies in relation to the entire project. (For example, if an area of vending machines operated by a private contractor

occupies 50 square feet of a 5,000 square foot area financed, indicate the relationship in terms of the ratio of square footage used.)

Gross Square Footage of Building 135,671 (See Supporting Data Sheet if more than one building is involved.)

A. Vending Machines:

Square Footage N/A

Operator _____

Are any vending areas separated by walls, night gates, etc. so that they are under the control of the service provider/operator? _____

B. Wholesalers or retailers (e.g., Newsstand, Book Store, Pharmacy, etc.):

Square Footage N/A

Type _____

Operator _____

C. Pay Telephones:

Square Footage N/A

D. Laundry Services:

Square Footage N/A

Operator _____

Are any laundry service areas separated by walls, night gates, etc. so that they are under the control of the service provider/operator? _____

E. Cafeteria or other food services areas:

Square Footage N/A

Operator _____

F. Provision of health care services:

Square Footage N/A

Operator _____

G. Laboratory research performed on behalf of or for the benefit of a private entity or pursuant to a cooperative research agreement:

Square Footage N/A

Recipient _____

H. Office space utilized by or on behalf of private entities:

Square Footage N/A

Occupant _____

I. Provision of housing for persons or entities other than enrolled students:

Square Footage N/A

8. Attach copies of any management contracts or incentive payment contracts entered into, or to be entered into, in connection with the operation of the project. (Do not include contracts for services that are solely incidental to the primary governmental functions of the facility (for example, contracts for janitorial, office equipment repair or similar services). Indicate the portion of the project to which the contracts relate. Give the usable square feet involved compared to the total usable square feet of the facility being financed. If a contract has not been entered into but is anticipated, indicate that fact.

N/A

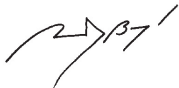
9. Will any debt proceeds be used to make or finance loans to any private entity? If so, indicate the amount of such loans, the length and payment terms of such loans: N/A

10. Indicate any expected payments (direct or indirect) to be made by non-governmental entities, separately and in the aggregate, to the State or any other governmental entity, with respect to the project.

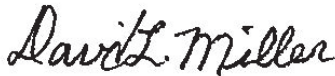
N/A

11. Additional information not explained above. None

Completed this 11th day of October, 2021.



Randy Boyd
President



David Miller
Sr Vice President & Chief Financial Officer

DocuSigned by:



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Austin Oakes, Assistant Vice President
Office of Capital Projects

To be filled out by the Authority

BOND COUNSEL APPROVAL:	DATE	_____
	GOOD	_____
	5%	_____
	10%	_____